

March 26, 1984

LB 1124

CLERK: Then I get to Senator Hefner's motion, Mr. President, to rerefer LB 1124 to the Revenue Committee for further study.

SENATOR CLARK: Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, this is a very complex bill. We have been debating it for over an hour now. I feel that we need to send it back to the committee, have more study on it. I would like to give you just a few facts. A few years ago the unitary taxation was all the rage. States like Florida, Minnesota, Illinois, and others followed the lead of California, began enacting statutes imposing unitary taxation but the newness has worn off and let me tell you what is happening now. A lot of these states would like to get out of it because a lot of corporations are not locating in their state, they are bypassing it. Florida is losing revenue faster than it ever has before. Its State Legislature is closely studying it and it appears fairly certain that Florida will repeal its unitary tax scheme and this, Mr. Chairman, is one of the reasons why I would like to send it back to committee. Minnesota began losing business immediately upon enactment of its unitary tax law. Now the Governor is calling for a repeal in belated efforts to keep business there and to attract new and expanded business operations. Illinois, Illinois has its unitary tax. It has the water's edge formula but in its unitary tax brought about by a court decision resulted in corporate tax refund claims of around \$200 million. It has quickly modified its law and now has a water's edge approach to the unitary tax law. Governors of both states of Ohio and Indiana publicly opposed enactment of unitary tax laws as has our neighboring state, the Governor of Iowa. South Carolina brags about not being a unitary tax state and it is attracting new business. In Connecticut the Legislature has just rejected a unitary tax and so these are some of the reasons why I believe that we ought to send it back to committee. Unitary tax causes businesses to leave or to never come to a state. A unitary tax can cost our state revenue. Therefore, I would urge you to support me in sending the bill back to the Revenue